

City University of Hong Kong

Information on a Course
offered by the Department of Economics and Finance
with effect from Semester B in 2014 / 2015

Part I

Course Title: International Financial Management

Course Code: EF5143

Course Duration: 1 semester (39 hours)

Credit Units: 3

Level: P5

Medium of Instruction: English

Prerequisites: Nil

Precursors: EF5042 Corporate Finance, EF5050 Derivatives and Risk Management

Equivalent Courses: Nil

Exclusive Courses: Nil

Part II

Course Aims

This course aims to provide a framework for analysing financial decisions relating to international risk management, financing, and investment. These are decisions faced by chief financial officers (CFOs) who aim to maximize firm value, and by investment bankers, analysts or fund managers who aim to determine the value of the firm given its financial decisions. The course also aims to enable students to apply the international framework to understanding issues and solving problems in real-world settings independently.

Course Intended Learning Outcomes (CILOs)

Upon successful completion of this course, students should be able to:

No.	CILOs	Weighting (if applicable)
1.	Understand the impact of the international environment on firm value and propose managerial actions in order to take advantage of opportunities and in order to avoid the costs of adverse market conditions	20%
2.	Evaluate the impact of the firm's risk management policy on firm value and construct appropriate hedging policy under different scenarios	30%
3.	Determine the impact of the firm's financing policy on firm value and design the optimal financing policy in international framework	15%
4.	Understand the impact of international tax laws on firm value and choose optimal policies to minimize the tax burden in international setting	10%
5.	Determine the impact of foreign direct investment on firm value	10%
6.	Evaluate international portfolio investment decisions and design optimal investment strategies for firms under different scenarios	15%

Teaching and Learning Activities (TLAs)

(Indicative of likely activities and tasks designed to facilitate students' achievement of the CILOs. Final details will be provided to students in their first week of attendance in this course)

CILO No.	TLAs	Hours/week (if applicable)
CILO 1, 2, 4	Lectures, case study/project, in-class exercise	
CILO 3	Lectures, in-class discussions, in-class exercise	
CILO 5,6	Lectures, in-class discussions, case study/project	

Assessment Tasks/Activities

(Indicative of likely activities and tasks designed to assess how well the students achieve the CILOs. Final details will be provided to students in their first week of attendance in this course)

CILO No.	Type of Assessment Tasks/Activities	Weighting (if applicable)	Remarks
CILO 1,2,3,4	Final Exam, case study/project, in-class exercise assessment	75%	
CILO 5, 6	Final Exam, case study/project assessment	25%	

Assessment Methods

	Coursework	Final Exam	Total
CILO 1-6	70%	30% (one 3-hour exam)	100%

Students are required to pass both coursework and examination components in order to pass the course.

Grading of Student Achievement: Standard (A+, ..., F) based on student performance in the assessment tasks/activities

Part III

Keyword Syllabus

The institutional framework; Spot markets; Arbitrage; Forward contracts and forward rates; Other foreign exchange contracts; Exchange rate determination theories; Exposure measurement and management; Hedging; International tax and cash management; International company valuation; Foreign direct investment decisions; International portfolio investment decisions

Recommended Reading

Text(s)

Eun & Resnick, *International Financial Management* (McGraw-Hill), latest edition

Online Resources